

Message Text

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22

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INFO AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

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3.O. 11652: N/A

TAGS: EGEN, PL

SUBJECT: INCREASE IN POLISH MEAT SUPPLIES UNLIKELY

1. STATISTICS PUBLISHED DURING THE LAST FEW DAYS SHED SOME ADDITIONAL LIGHT ON THE DIFFICULTIES FACING THE POLES AS THEY STRIVE TO INCREASE MEAT SUPPLIES. ACCORDING TO ZYCIE GOSPODARCZE REVIEW (JUNE 27, 1976) OF THE PAST FIVE MONTHS OF THE POLISH ECONOMY, PURCHASE OF MEAT FROM PRODUCERS (WHICH MAY BEST BE DESCRIBED AS WHOLESALE PURCHASES) INCREASED ONLY 1.4 PER CENT FROM JANUARY THROUGH MAY, 1976. ALL OF THIS SMALL GAIN IS ATTRIBUTED TO BEEF AND POULTRY, WHOLESALE PURCHASES OF PORK, THE MOST IMPORTANT MEAT PRODUCT FROM THE VIEWPOINT OF THE POLISH CONSUMER, FELL BELOW PURCHASES FOR JANUARY THROUGH MAY OF 1975.

2. A ZYCIE WARSZAWY ARTICLE OF JULY 1, 1976, NOTES THAT MEAT PURCHASES BY THE CENTRAL MEAT BOARD IN MAY, 1976, LIMITED OFFICIAL USE

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WERE 4.1 THOUSAND TONS (2.2 PERCENT) BELOW PURCHASES

DURING MAY 1975. THE MEAT BOARD'S PURCHASES OF PORK IN MAY WERE 5.4 PERCENT LOWER THAN FOR THE SAME MONTH IN 1975.

3. THESE DISAPPOINTING RESULTS ARE ASCRIBED BY OBSERVERS TO THE DECLINING PROFITABILITY OF LIVESTOCK PRODUCTION IN THE FACE OF INSUFFICIENT FEED SUPPLIES AND HIGH FEED PRICES. UNFORTUNATELY, THE METHOD USED TO STIMULATE MEAT PRODUCTION IN RECENT YEARS-AN INCREASE IN PRICES PAID FARMERS FOR MEAT DELIVERIES-SEEM UNLIKELY TO BE EFFECTIVE IN THE PRESENT SITUATION.

4. DOMESTIC FEED SUPPLIES ARE INADEQUATE AT THIS TIME TO SUPPORT AN INCREASE IN THE LIVESTOCK SITUATION, AND, AS JAROSZEWICZ HAS POINTED OUT (WARSAW 1961,) POLAND HAS REACHED THE LIMITS OF ITS FINANCIAL CAPACITY TO IMPORT ANIMAL FEED. OFFERING THE FARMER ADDITIONAL FINANCIAL INCENTIVES TO INCREASE LIVESTOCK PRODUCTION WILL PUSH UP DOMESTIC FREE-MARKET FEED PRICES, BUT THE IMPACT ON MEAT SUPPLIES IS LIKELY TO BE MINIMAL. IN ANTICIPATION OF HIGHER PRODUCER PRICES FOR GRAIN AND FEED AND HAVING IN MIND THE PROPOSED 45 PERCENT INCREASE IN THE COST OF INDUSTRIALLY PREPARED FEED, FARMERS MAY HOLD BACK DELIVERIES OF GRAIN AND FEED TO STATE PURCHASING AGENCIES. THIS ACTION WOULD INCREASE THE PRESSURE ON EXISTING FEED SUPPLIES AND FURTHER COMPLICATE FEED DISTRIBUTION.

5. WE CONCLUDE THAT A SIGNIFICANT INCREASE IN DOMESTIC MEAT SUPPLIES, UNLESS THE GOVERNMENT RESORTS TO IMPORTS, IS VIRTUALLY IMPOSSIBLE OVER THE COMING 6-9 MONTHS. NOT EVEN A MAJOR CUT IN MEAT EXPORTS WOULD HAVE A SUBSTANTIAL IMPACT ON CONSUMER SUPPLIES.

6. OTHER FOOD PRODUCTS WHOSE PRICES WERE TO BE INCREASED BY THE PROGRAM JAROSZEWICZ PROPOSED TO THE SEJM JUNE 25 WILL BE SUBJECT TO HEAVY CONSUMER BUYING UNTIL PRICES ARE ULTIMATELY RAISED. THE GOVERNMENT WILL FIND IT DIFFICULT TO SET ASIDE RESERVE STOCKS OF THESE ITEMS TO RELEASE TO THE MARKET FOLLOWING THE NEXT ANNOUNCE-LIMITED OFFICIAL USE

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MENT OF PRICE INCREASES.
DAVIES

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